



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

FIFTH SEMESTER – APRIL 2016

EC 5402 - MANAGERIAL ECONOMICS

Date: 29-04-2016
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART – A

Answer any five of the following not exceeding 75 words each

5 x 4 = 20 Marks

1. Define managerial economics.
2. State the discounting principle
3. What is meant by demand forecasting?
4. Distinguish between complete enumeration survey and sample survey.
5. Write a note on Delphi method.
6. What is meant by cyclical pricing?
7. How is Net Present Value calculated?

PART – B

Answer any four of the following not exceeding 250 words each

4 x 10 = 40 Marks

8. Explain nature and scope of managerial economics.
9. Explain the merits and drawbacks of profit maximization principle.
10. Explain the steps involved in demand forecasting.
11. The following data refers to sales, in thousand rupees of a certain product during five years

Year	2000	2001	2002	2003	2004
Sales (Rs.)	605	715	830	790	835

Assuming the present trend continues, in which year will you expect the sales to be doubled?

12. Explain the graphical and algebraic illustration of break-even point. Explain how changes in cost and price affect the break-even point.
13. Explain the steps involved in capital budgeting.
14. A management wants to judge whether a project X is worth taking up or not. The data with regard to this project is given below.

Year	Net benefits (Rs.)	Year	Net benefits (Rs.)
1	7000	6	7600
2	9800	7	5700
3	10800	8	4000
4	11100	9	2000
5	9400	10	2000

If the initial outlay on the project is Rs 40000 with the salvage value of Rs 10000. Find out the NPV of the project given the opportunity cost of investment as 10%.

PART – C

Answer any Two of the following not exceeding 250 words each

2 x 20 = 40 Marks

15. Explain the factors determining demand forecasting for

- (i.) Durable consumer goods
- (ii.) Non Durable consumer goods
- (iii.) Capital goods

16. Explain the various cost concepts used in managerial economics.

17. Discuss various techniques of price determination in actual business situation.

18. Explain the techniques of investment appraisal giving suitable example
